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NATION'S DRINK-BILL,

ECONOMICALLY CONSIDERED.

A REVIEW OF GOV. SWITZLER'S REPORT ON THE SUBJECT.

BY

G. [illegible]

NEW YORK:
THE UNITED STATES BREWERS ASSOCIATION.
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—BY—

G. THOMANN.

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N. Y. Economical Printing Co., 24 Vesey St., New York.

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NATION'S DRINK-BILL,

ECONOMICALLY CONSIDERED.

> In view of the increasing demand for information in regard to the production and consumption of distilled and malt liquors and wines, not only in its social aspects, but also in its relation to manufactures and commerce, I have endeavored, so far as practicable from the limited data at my command, to present in the following pages a succinct exhibit of the liquor product and consumption of this and other leading nations. (Quarterly Report of the Chief of the Bureau of Statistics, Treasury Dept., December, 1886.)

While it is true, generally speaking, that actions can never be fully understood unless considered in conjunction with their motives, it may, nevertheless, be admitted that for purposes of a purely statistical criticism it would be inessential, under ordinary circumstances, to ascertain what motive induced Col. Switzler, Chief of the Bureau of Statistics of the Treasury Department, to publish the report from which the above introductory explanation is taken. But Col. Switzler himself, by giving said explanation, invites attention to this point, and thus naturally provokes scrutiny. In fact, the intentionality of the sentence above quoted is so obvious, that it is impossible to ignore it.

The "increasing demand for information" on the subject in question is the reason which Col. Switzler gives for publishing what he calls "a succinct exhibit of the liquor product and consumption of this and other leading nations." The unavoidable inference must be, that, before the publication of Col. Switzler's report, this "increasing demand" was not covered by a corresponding supply.

While it would be discourteous to doubt Col. Switzler's statement as to the increasing demand for information—a statement, by the way, which his own personal experience may fully sustain—it would surely not be in harmony with truth to admit the correctness of the inference as to a scarcity of supply. In fact, Col. Switzler's own report imperatively forbids such an admission, for the whole and every part of the "succinct exhibit of the liquor product and consumption," contained in said report, is taken literally from official statements, periodically published for public use, and hence quite as accessible to everybody as to Col. Switzler. Furthermore, any one, who is as familiar with the bibliography of the drink-question as he should be, who, like Col. Switzler, pretends to write on it in a didactic strain, ought to know that, in addition to a score of books and innumerable sociological treatises, embodying the statistical data, which Col. Switzler has simply copied, there is a standard statistical work of 936 duodecimo pages, the substance of which has but recently been reproduced, in a far more succinct and comprehensive form than Col. Switzler's report, by almost every newspaper in nearly every civilized part of the globe. If Col. Switzler would or could have added to, or in any degree improved upon, this vast fund of readily accessible information—instead of simply copying, in an imperfect and somewhat slovenly manner, from its constituent parts,—the reason he gave for publishing his report might have a semblance of plausibility. But as matters stand, Col. Switzler would not have exposed himself to a reproach of dereliction of official duty (even if it be taken for granted that his office was overflooded with demands for information) if he had referred his correspondents to the very works from which he himself copied, and which are in every way quite as accessible as, and surely not less widely circulated than, the reports of the Treasury Department's Statistical Bureau.

A man of sound judgment would not have set the Government's printing presses in motion for the reason stated, i. e., to reproduce, from a superabundance of printed statistical information, that which can be had anywhere for the mere asking;

and as Col. Switzler is a man of sound judgment, it certainly is permissible in fairness and courtesy to search for another reason.

One need not go far in such a search, for the thing sought lies on the surface; seeing that the major and only original part of the report treats, not of "product and consumption," but of the *cost* of consumption. In this lies, to use an oft-quoted word of Goethe, "des Pudels Kern." Even in regard to this question a dearth of statistical estimates can not be said to exist, but it is not a secret that Prohibitionists frequently bewailed the absence of an official exhibit sustaining their theory as to the "enormous sums of money wasted for drink." The fact that Col. Switzler takes a deep interest in the prohibitory movement, and uses his own report as a text in addressing Prohibition meetings, should not count for much in this connection; nor should any weight be attached to the distinctions and honors which have been showered upon the gentleman, since the publication of his report, by so-called temperance societies, who regard him as one of their own. It is true that the actions of men are often influenced by their passions, and that their opinions and views readily assume the coloring of their inclinations; yet, although this general observation probably applies to Col. Switzler as much as to any other mortal, it would be unjust to infer from the Colonel's well-known bias in favor of Prohibition, that, in publishing this portion of his report, he intended to furnish a Prohibition tract. Whatever his intention may have been, however, the effect of his work is precisely what it would have been, had it been published by order of the Prohibition Party. Its misleading figures and glaringly false conclusions are quoted by many speakers and writers of that party throughout the land, and serve in many instances as the basis of statements still more reprehensible, in their relation to Truth, than the original document.

This part of the report, a fantastic disquisition on the cost of liquors annually consumed by the American people, is the work of Mr. F. W. Barrett, to whose credit it must be said that he furnished a very readable essay of considerable literary

merit—perhaps all the more readable, because replete with piquant imagery quite foreign to matter-of-fact statistics. The Frenchman who characterized the famous charge at Balaklava by saying: "C'est magnifique, mais ce n'est pas la guerre," would probably have said of Mr. Barrett's essay on the drink-bill: "It is magnificent, but it is not statistical." Were it more statistical and less imaginative, it might not be quite so entertaining. Mr. Barrett's prime object may have been to make his essay readable at any cost, and in doing so, he was probably alike conscious of, and indifferent to, the truth tersely expressed in Scheffel's lines: *

"Dichtung und Statistik stehen
Leider auf gespanntem Fuss."

His disregard of the requirements of statistical accuracy is excelled by his indifference to historical facts and his sovereign contempt for the sum of human experience in fiscal matters. One example will suffice to illustrate this. In commenting upon the wonderful decrease in the consumption of ardent spirits and the equally marvelous increase in the consumption of malt liquors, two facts, which, although well-known to everybody, are made to appear, by the report in question, as something recently discovered by the Statistical Bureau,** he says:—

"The above (table) proves conclusively that the consumption of spirits decreases, while that of beer increases, and that there is a reduced use of wine. Do not these facts show that the milder stimulants are driving out their fiery competitors? *And is it not due to the growing agitation of the temperance question?*"

The italicized interrogation discloses the animus of the report and, at the same time, proves conclusively that Mr. Barrett

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* Trumpeter of Säkkingen, 12th Canto.

** The tables relating to this point, published annually, are invariably commented upon by nearly every newspaper. Full tables covering the entire Internal Revenue period are published every year in the reports of the Brewers' Conventions; and a complete historical and statistical statement of production, importation, etc., was published in 1885 under the title of "Liquor Laws of the U. S."

ignores even the elementary principles of the question upon which he hazardously undertook to enlighten the world. There may be an excuse for his misconception—but what must be thought of a prominent officer of the Federal Government who knows so little of the history of the country, of the policy of the national legislature, of the genesis and development of the fiscal methods introduced and the official investigations conducted by his own Department—so little, in short, of the whole subject, that he felt no hesitancy in publishing such a conclusion? If any other person, not so prominently connected with the Federal Government, would have given currency to this conclusion, one might be tempted to allow it to pass unnoticed; for any attempt to enter into a discussion of the causal connection existing between the system of internal revenue and the economic phenomena which Mr. Barrett has so ludicrously misinterpreted, must at the present time, in view of the extensive diffusion of knowledge relative to the matter, appear like an effort to add water to the ocean.

Even without the slightest knowledge of the principle involved, and unfamiliar with the history of taxation, any person of unbiased mind, reasoning empirically, cannot, with the revenue tables before him, fail to discover that the change of drinking habits, of which the phenomena referred to are incontrovertible evidences, is attributable mainly, though not exclusively, to the present system of taxation. And there should be no necessity for informing the Chief of the Statistical Bureau that this effect of the system is not fortuitous, but one that was to be, and *was*, foreseen and foretold—one that figured prominently in the Congressional discussions and the subsequent administrative documents on the subject. There could have been no possible excuse for ignorance as to this point. In England, not to speak of the countries on the Continent of Europe, a thorough knowledge of the effects of excises in general is as old as this method of taxation itself; and the influence of an excise on intoxicating beverages—first introduced by the Revolutionary Parliament, in 1643—is recorded on many interesting pages of the history of that country. The

knowledge of the fact, that such taxes enhance the market-value and, consequently, affect the consumption of commodities, led, in the early part of last century, to an exercise of the taxing power for purely moral purposes, it being the avowed object of Parliament to diminish the consumption of ardent liquors, which had then assumed tremendous proportions. The excessive use of spirits, by the way, was but a necessary result of the heavy excises imposed upon beer and its ingredients. Had these excises been moderated or abolished, the increased tax upon spirits would have accomplished the purpose for which it was imposed. As this was not done, the gin-act failed by reason of its undue stringency and the short-sightedness of the law-makers in not removing the causes which had diminished the consumption of the milder drinks. We have it on Adam Smith's authority* that, had the excises upon malt, beer and ale been taken away all at once, the consumption of these beverages would have become so great as to cause pretty general and temporary drunkenness, "*which would soon have been followed by a permanent and almost universal sobriety;*" for it was then conceded, as it is to-day, that "the cheapness of fermented drinks is a cause, not of drunkenness, but of sobriety." For present purposes it is quite sufficient to point out these causes of the English "gin-epidemic," for in themselves and in the Parliamentary measures to which they gave rise, they clearly demonstrate what Mr. B. seems unable to comprehend, i. e., the inevitable effects of heavy taxes upon the consumption of commodities so burdened.

The history of our country, aside from that of the colonial period, which is replete with striking examples *ad rem*, presents abundant evidence that American statesmen appreciated very keenly the influence of excises upon the consumption of intoxicating beverages, and resorted to this method of taxation all the more readily, because, for moral and economic reasons, they desired to bring about a reformation of the drinking habits of the people.

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* Wealth of Nations, Book IV., Chap. III., Part II.

In recommending to the First Congress of the United States the introduction of a system of internal revenue, which was to include ardent spirits and wine, Hamilton dwelt upon the consumption of the former beverages, carried to an extreme, as he said, on account of their *cheapness*, and urged in favor of his tax-measure, that in decreasing the use of distilled spirits, "it would encourage the substitution of cider and malt liquors." Had Col. Switzler consulted the Congressional debates on the subject, he would have found that this part of Hamilton's argument was not assailed even by his most determined opponents. All understood that the effect of the proposed measure would be to diminish the use of the taxed articles; in fact, many of the opponents (the Southern members, for example) based their opposition on the certainty of this effect, claiming that they had "no breweries or orchards to furnish a substitute for spirituous liquors."

If, for want of time, Col. Switzler could not consult the experiences of past generations, he might at least have perused contemporaneous history, especially the able and exhaustive reports submitted to Congress by Revenue Commissions. He then would have found indubitable evidence that the opposite movements in the production and consumption of malt beverages and of spirituous liquors are due mainly to the present tax system, which discriminates broadly between the two kinds of drinks, in favor of the milder.*

* It may also interest Col. Switzler to learn that the most eminent economists, in all parts of the civilized world, fully coincide with the Government of Switzerland, who, at the end of a protracted official investigation, extending over half of the habitable globe, recently formulated the following policy, which, in fact, is the policy underlying our Federal fiscal system:—

"Taxation ranks foremost among the measures calculated to restrict the excessive use of ardent spirits. As an administrative measure, the tax upon this article may be fixed at as high a rate as is compatible with revenue considerations having reference to the collection of such a tax.

"This general principle will rarely need modification on account of the industrial and agricultural interests involved, as it may be assumed that, as a rule, such taxes will virtually have to be borne by the consumers. The success of this method of restriction will, in most cases, almost exclusively

To assert, as Mr. Barrett did interrogatively, that the change in question arises from the temperance agitation, is to assert that the present temperance movement favors the consumption of beer; yet every observant reader is aware that the entire temperance agitation is in the hands of a party of extremists, whose sole aim is Prohibition, the very thing by which the brewing industry is destroyed at one fell stroke, while under its protection the clandestine sale and use of spirituous liquors increase to such an extent, that even school-children participate in it, as has recently been discovered in the State of Maine. There was a time, before the schism occurred between the advocates of Dr. Rush's rational temperance scheme and the teetotalers, when the temperance agitation, based on moral suasion, and so directed as to promote the cause "*by the diffusion of knowledge and the exertion of kind, moral influence,*"* succeeded in essentially diminishing the evils of inebriety; and all the more readily did it succeed in this, because it expressly and openly favored the use of malt and vinous drinks. True, other factors helped at that time to pave the way to a reformation of the drinking usages of the people,† but the merits of the temperance movement of those days cannot easily be over-rated.

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depend upon the nature of the revenue systems, which should be so shaped as to insure the full collection of all taxes imposed.

"But a tax upon ardent spirits alone will not accomplish the desired object; in order to be fully effective, it must be followed by a systematic diminution and the ultimate abolition of taxes upon wholesome beverages."

* Resolution adopted by the First National Temperance Convention, held in May, 1833.

† The progress of civilization, the diffusion of knowledge among the laboring people, the general refinement of tastes and inclinations, form one of these factors. They grow out of the general progress of the country, the development of domestic manufactures creating not only opportunities for a great diversity of in-door employments, but also a variety of new wants, tending to render life more comfortable, more refined. In the older States the hardships of "pioneering it" against the numerous obstacles of virgin wildernesses gave room to the easy-going methods of improved agriculture. The effect which this progress must have had upon the drinking habits of the people will be better understood when it is remembered that

At the present time, the effects of what is illogically styled the temperance movement are the very reverse of what Mr. Barrett claims, inasmuch as the milder drinks are driven out by their "fiery competitors," wherever Prohibition obtains sway; and all that the only organized temperance party strives for *is* Prohibition.

This single specimen of Mr. Barrett's mode of reasoning will suffice, it is hoped, to prove that the Statistical Bureau, considering the objects it evidently had in view, was quite fortunate in the choice of outside help.

It is not the object of these pages to put to a statistical test all the astoundingly novel methods by which Mr. Barrett solves the most difficult problems, and summarily disposes of, or conclusively determines—as he imagines—questions which the best professional statisticians deem well-nigh insolvable; as, for example, when by simple subtraction he arrives at the conclusion that the liquor-consuming population of this country numbers exactly 14,925,417.

In this respect he evidently endeavored to emulate Col. Switzler, whose statistical acumen did not prevent him from accepting the opinion of a solitary whiskey merchant as conclusive statistical evidence in regard to the quantity of spirits used for medicinal and mechanical purposes; although he should have known that, notwithstanding many very thorough

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intemperance was always most prevalent in lumber regions and border localities, and that there, according to reliable authorities, the primitive mode of life, the hardships of out-of-door employment and the want of recreation were regarded as among the prime causes of incontinence.* The influx of emigrants of moderate drinking habits occasioned another great stride in the path of temperance. From 1810 to 1850 the number of breweries increased from one hundred and twenty-nine to four hundred and thirty-one; the quantity of malt liquors produced in the Union increased during the same period from 5,754,737 to 23,267,730 gallons, of which latter quantity Pennsylvania produced 12,765,974 and New York 6,059,122 gallons.—*Liquor Laws of the U. S., by G. Thomann*, p. 192.

* "There can be no doubt that drunkenness prevails more in a rude than in a civilized state of Society. This is so much the case, that as men get more refined, the vice will gradually be found to soften down, and assume a less revolting character."—*Robert Macnish's Anatomy of Drunkenness* (p. 2), New York, 1835.

investigations made by Government Commissions and competent economists, there still exists a most perplexing diversity of opinions on this subject.

It is interesting to note in this connection that but very recently—many months after the publication of Col. Switzler's report, which fixes the quantity so used at 10 per cent. — there appeared a paper in the *New York Tribune*, signed, among others, by Whitelaw Reid, Esq., in which it is claimed that the quantity of spirits used in manufactures, arts and sciences amounts to 40 per cent. of the entire consumption. The signers confess, however, to a knowledge of the fact that the proportion so used is variously fixed at from 5 to 50 per cent., and it is to be taken for granted that they are familiar with the Hon. D. A. Wells's opinion, to the effect that "at best, such estimates, no matter how carefully prepared, can but be regarded as approximately correct, as the necessary data for forming an opinion can not be obtained with exactness."

Such and similar considerations did not deter Col. Switzler from establishing a basis of computation favorable to what, to him, was manifestly a foregone conclusion, to wit: that the drink-bill of the nation presents the enormous total of $700,000,000, in round numbers.

The object of these pages is, to analyze this statement, and, incidentally, to review the errors to which it has given rise.

Mr. Barrett places the average annual consumption of distilled spirits for the years 1884, 1885 and 1886 at 75,000,000 gallons, and claims that this quantity is consumed as drink; although he admits that it includes every drop of spirits used in the arts and manufactures and for medicinal purposes. His method of proving the correctness of this statement is commendable for its simplicity, but will scarcely satisfy the statistician. He simply assumes that 10 per cent. of the *whole* quantity consumed is used for mechanical and medicinal purposes; this would have to be deducted from the total quantity consumed, in order to determine what number of gallons remain for consumption as drink. But, says Mr. B., we find that whiskey "in cheap saloons is adulterated by water

10 to 15 per cent., and in country districts sometimes as high as 25 to 30 per cent.;" hence he assumes that the minus of 10 per cent., arising from the use of spirits other than as drink, is fully covered by adulteration.

What statistical proof does he offer for his premises? None! His statements as to the dilution of whiskey by the admixture of from 10 to 30 per cent. of water, are purely hypothetical, and in the nature of things can not be verified. But he does not even pretend to prove that his statement is based upon statistical inquiries, he merely asserts:

"In the better class of bar-rooms whiskey is drunk comparatively pure; in cheap saloons it is adulterated by water 10 to 15 per cent.; in country districts sometimes as high as 25 to 30 per cent."

In any argument, worthy of the name, he would have to prove, above all things, that he has statistical evidence that in all or nearly all cheap saloons, and in all or nearly all country saloons, whiskey is diluted in the manner indicated; then he would have to show just how many of the "better class of bar-rooms," how many "cheap saloons" and how many rural drinking-places exist; and next he would have to show how much whiskey is sold in each of these grades of saloons, before he could demonstrate mathematically what proportion of water is to be considered as having been added to the quantity of whiskey remaining for consumption as drink. Mr. B. does nothing of the kind. He simply says, that he *assumes* the stated ratio of dilution to be correct—and that ends his argument as to this part of his premise.

He then proceeds to determine the cost to the consumer of these 75,000,000 gallons of distilled spirits, which he does in the following manner:

"The bulk of whiskey consumed costs the drinker 5 cents per glass; *some* pay 10 cents, a comparatively *few*, 15 cents. A liberal average would be 7½ cents. On the average the retail liquor dealer will get 60 drinks per gallon, or $4.50....Taking the above facts into consideration, we then have consumed annually 75,000,000 gallons of whisky; 60 drinks per gallon, at 7½ cents per drink, or $4.50 per gallon, making a total cost of $337,500,000."

We have italicized the words "some" and "few," because they emphasize the absence of anything like statistical method in this report of the Statistical Bureau. The reader will not fail to perceive that this mode of computing cost is as simple as it is arbitary.

There appears to be no necessity for pointing out the impossibility, under the American retailers' custom of allowing every customer to help himself from a whiskey-decanter placed before him, of determining exactly how much whiskey is contained in what Mr. B. terms "a glass"; nor for calling attention to Mr. B's inclination to carry generalization to the utmost extreme, when he assumes that this entire quantity of distilled spirits, consumed as drink, is *sold by the drink* over the bar of the retailer.

By similarly simple and off-hand methods Mr. B. arrives at the conclusion that the sum of $51,185,342 represents the cost of domestic and imported wines consumed during the period named.

As to the estimated cost of beer, it may not be amiss to reproduce, for the benefit of readers statistically inclined, the full text of that part of the report which relates to it.

Here it is:

> Adopting the average annual consumption for three years as a basis, we have, as representing the quantity drunk, 609,705,367 gallons, of which 2,100,370 gallons were imported.
>
> At what cost? The wholesale price per barrel is $8 for 32 gallons, or 25 cents per gallon. In the "pool" district, embracing New York, Brooklyn, Westchester, Richmond and Hudson Counties 4,000,000 barrels are consumed, netting the brewers $6.50 per barrel, as a rebate of 25 per cent. is given from the regular price. Froth plays a large part in estimating the cost to the consumer. In densely populated districts the retailer of beer has hard work to get cost. "Working the growler," literally means that the poorer classes of consumers get beer at the wholesale price. Then there is a difference in glasses. The "schooner" means more beer for five cents than is obtained when a glass of beer is served. A large quantity is consumed at picnics,

on excursions, at clubs, and on various festival occasions which costs the consumer the wholesale price. This will more than balance the extra cost of the imported article.

After a careful study of these points we feel convinced that 50 cents per gallon fully represents the cost to the consumer. On that basis we have as THE EXPENSE TO THE NATION, 609,705,367 gallons of beer, at 50 cts., $304,852,683.

The question is: Where are the "points" to which "careful study" had to be devoted? That froth plays a large part in estimating cost; that many retailers have hard work to cover expenses; that the "growler" is frequently "worked;" that a "schooner" is a larger vessel than a common glass, and that great quantities of beer are sold on excursions, &c., at wholesale price—all these things are known to everybody and scarcely require "careful study." Surely, these bare facts do not constitute a basis upon which the ultimate cost of beer can be computed. What the statistician needs for this purpose is an exact exhibit of the quantity of beer sold on festive occasions at wholesale prices; the quantity sold by the nominal pint—for which ordinarily more than a quart is given; the quantity sold by the "schooner," and by the glass. For, of what earthly use can a statement be to the reader in which one *unknown* quantity is compared with, or balanced against, another *unknown* quantity? The absurdity of such a method is readily understood. The extra cost of imported beer may, for instance, as Mr. B. authoritatively states, balance the cost of the quantity sold on excursions, picnics, &c., at wholesale prices; but, unless Mr. B. shows the reader just how much beer is actually sold on excursions, picnics, &c., what is his whole argument but a worthless play with data, evolved from his own inner consciousness? Mr. B. may have investigated all this and may be in possession of statistics sustaining his conclusions. But, if that be so, why waste the space allotted to his essay, by parading figures that prove absolutely nothing, and withhold that which is indispensable, and which would be welcomed by all statisticians as an extraordinarily meritorious contribution to the literature on the subject?

As the estimate stands at present, unsupported and unexplained by anything that could assist in testing its correctness, it is worthless, save as a welcome support to preconceived notions. Hence, whether the general conclusion, to the effect that our annual drink-bill amounts to $700,000,000, approaches the actual state of affairs, or hits wide of the mark, is not a question to be considered seriously; although it may be proper to state that other writers, by far better qualified than Mr. B. to decide in such a matter—among them Hon. D. A. Wells, the very best authority on the subject of internal revenue—estimate the ultimate cost to the consumer of all intoxicating drinks, exclusive of still wines, used in 1884, at $474,823,000.

If, for the sake of argument, it should be assumed that the defects, which vitiate the whole estimate to the point of utter worthlessness, did not exist, there would still remain one discrepancy, more essential than all others, which can not but mislead the public.

We have seen that in formulating his conclusion as to the cost of beer, Mr. B. speaks of the sum of $304,852,683 as being "*the expense of the nation.*" The idea which these words convey, runs like an under-current through the whole essay; yet nowhere do we find therein the slightest allusion to the Federal taxes or other duties as being included in the original or ultimate cost. True, Mr. B. mentions the sums annually paid into the Federal Treasury by brewers and distillers, but in his computation he fails to place these sums where they belong, when he makes the consumers' expense for liquors appear as "*the expense of the nation.*"

In handling the subject in this manner, it should certainly have been borne in mind, and constantly kept before the eyes of the reader that, in the end, the consumer pays for *everything* that enters into the production of raw material, the manufacture or importation of the liquors and the distribution of the latter, not only *to*, but also *by*, the retailer. This certainly includes taxes, duties and licenses; and, hence, it is self-evident that any sum, which may be assumed to represent the ultimate cost to the consumer of the total quantity of liquors

consumed as drink, in any given year, necessarily embraces the sum of Federal taxes and duties and all local duties paid thereon; that is to say, all moneys paid into the Federal, State and Municipal treasuries at the various stages of manufacturing, distributing and re-distributing such liquors.

The retail price of any article depends primarily upon the wholesale price, rising or falling as the latter rises or falls; it also depends, in part, on the cost of distribution. On the other hand, the wholesale price of any article must inevitably be enhanced by every considerable increase in the cost of its manufacture and distribution, as well as by the imposition of taxes upon it, not to speak of other causes, such as increased demand or insufficient supply, which have no bearing, however, on the subject under consideration. It is self-evident that the manufacturer of any article which is taxed to an amount by far exceeding its cost of production (as distilled spirits actually are taxed), must include that tax in the price at which he sells to the retailer.* The latter, on his part, must correspondingly raise the retail price and add to it any increase in the cost of distribution by reason of local taxes or license fees. Hence, in the end, the consumer pays for everything.

From the "expense of the nation," of which Mr. Barrett writes, and which he estimates at $700,000,000, must be deducted, then—assuming for argument's sake that these figures could be shown to be as correct as they are manifestly incorrect—all the sums of money which the nation or any political sub-division of the nation draws from this source. To state with mathematical precision what these sums amount to in the aggregate is almost impossible, without a statement

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* The consumer feels the effects of *licenses* in various ways. He may not have to pay more for a drink, but his beer-glass is smaller, his whiskey weaker and his free-lunch curtailed. In Cincinnati, when no license-fees had to be paid, the retailers served huge glasses of beer and free-lunch consisting of soup, meat and vegetables. In localities having high licenses, free-lunch becomes obsolete and the drinking-vessels assume lilliputian dimensions.

of the license fees paid in every State of the Union. We know positively that the revenue which the Federal Treasury derived from this source during part of the period considered in the report in question, averaged, in round numbers, $95,000,000, annually.

The report of the Commissioner of Internal Revenue enumerates 205,832 persons as having paid licenses, either as wholesale liquor dealers or retail liquor dealers, wholesale dealers in malt liquors or retail dealers in malt liquors. The following list gives the exact number of licenses of each kind:

Retail liquor dealers	190,121
Wholesale liquor dealers	4,290
Retail dealers in malt liquors	8,409
Wholesale dealers in malt liquors	3,012
	205,832

Making due allowance for the number of licenses issued to persons who transact business in prohibitory States, and, consequently, need not pay for local licenses; and taking into consideration, on the other hand, the fact that in many States the high-license system is in force, exacting from retailers license-fees varying from $500 to $2,000, it appears not venturesome to "assume"—emulating the example of Col. Switzler—that each one of these 205,832 persons contributes, in the form of a license-fee, an average annual amount of $200 to the public funds of his town, county or state, as the case may be. This is the exact amount of the fee paid by retail liquor dealers in New York, where the system of high-license does not prevail, and may therefore be assumed to be much below the actual rate.

In the aggregate, these 205,832 persons pay, at the given rate, about $41,000,000 into local treasuries. Adding this sum to the amount paid into the Federal Treasury, we obtain as the total to be deducted from "the expense of the nation," the sum of $136,000,000.

Now, it will not be gainsaid—after what has been shown—that Mr. Barrett, by following his own peculiar and inex-

plicable methods, arrived at conclusions which the facts in the case do not warrant, and that his estimate, as it stands, may safely be "assumed" to be 33⅓ per cent. above the actual drink-bill.* If allowance be made for this excess, it will be found that *more than 25 per cent. of the "expense of the nation" for intoxicating drinks flows into the public exchequers*—a fact which vividly recalls to my mind the words of Livermore (New Hampshire), who, in 1790, advocating the passage of the first Federal excise bill, characterized this mode of taxation as "drinking down the national debt."

The vast importance of the traffic, viewed from a purely economic point of view, will be better understood, if we take as an illustration the state of affairs in the cities of Chicago and New York, in regard to which positive data can be ob tained. The former city has high licenses; the latter, low licenses. From what has been demonstrated, the assumption is admissible that the national "drink-bill" falls much below the sum of $520,000,000; let us, however, take it at that. We then have, the estimated population being about 58,000,000, an annual expenditure for drinks of a little less than $9.00 per capita. According to the last school-census, Chicago has a population of 703,817; hence, Chicago's drink-bill, estimated at the general rate, amounts to $6,334,353.

The city's share of the $95,000,000 paid into the Federal Treasury amounts to $1,152,804; the fees paid for licenses in 1886 aggregated $1,850,033, making a total (of Federal taxes and local license fees) of $3,002,837.

According to the accepted ratio of increase, the city of New York has a population of about 1,500,000; her drink-bill, estimated at the general rate and in round numbers, amounts to $13,500,000. Her share of the $95,000,000 paid into the Federal Treasury amounts to $2,457,000; the local license

* The method generally adopted in estimating ultimate cost of drinks is to multiply wholesale cost by two—i. e., to add to the latter 100 per cent. Mr. B. added 133⅓ per cent., and called that the "profit" of the retailer. As to beer, even 100 per cent. is greatly in excess of the actual rate.

fees, at the former (lower) rates, amounted to $827,290 in 1886;* making a total of $3,284,290.

Let us recapitulate:

	Drink-Bill.	Federal Taxes and Local Licenses.
Chicago	$6,334,353	$3,002,837
New York	13,500,000	3,284,290

Chicago pays over 47.32 per cent., and New York over 24.33 per cent. of their entire drink-bills into Federal and local treasuries!

Had Col. Switzler embodied these data into his report and placed them opposite his $700,000,000 drink-bill, he would not, in all likelihood, have exposed himself to the well-founded suspicion of being unduly biased in favor of preconceived notions; although, even then, there would still have been ample room for doubt as to his statistical ability.

But these are not the only defects and shortcomings of the report; for, if it had really been Col. Switzler's intention, as he distinctly declares, to view the liquor traffic "in relation to manufactures and commerce," he could not possibly have selected a better means of signal failure than to omit, as he did, all mention of the capital invested in breweries, distilleries, and saloons; of the men employed by these establishments; of the area of cultivated lands, and the number of various establishments devoted to the production of the raw material, machinery, cooperage, wagons, fixtures of various kinds, glassware, &c., required in the manufacture and sale of intoxicating beverages.

Here he certainly missed an excellent opportunity for arousing and manifesting the latent efficiency of the Statistical Bureau under his management, and this is all the more regrettable, because a private essayist can never hope to search out the many industries which depend, wholly or in part, upon brewing, distilling, and wine-making, and to determine how much

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* With fees increased to $200 for a spirit license, the total revenue of the city from this source amounted, in 1887, to $1,186,730.

capital is invested in them, and how many mechanics and laborers derive their subsistence from them.

The census of 1880, it is true, contains many valuable data relating to this question, but these, at best, afford but an insufficient basis for an estimate, which, in order to demonstrate the vast economic importance of the traffic, should embrace an exhibit of the extent to which the traffic contributes indirectly to the development of a multitude of industries, and thus helps to augment the wealth of the nation.

As to the capital invested in breweries, distilleries and malt-houses, we have comparatively reliable data. Taking the showing of the United States census of 1880 as to malt liquors, but adding thereto a sum proportionate to the increase in the production since 1880 (57 per cent.), and retaining the figures concerning distilleries,* we obtain the following:

	Capital Invested.
Breweries	$143,196,911
Malt-houses	22,592,992
Distilleries, as returned in 1880	24,247,595
	$190,037,498

The capital invested in retail and wholesale houses is difficult to estimate; but, in view of the fact that of late years the great bulk of retailers strive to outstrip each other in the sumptuous furnishing of their places of business, it is safe to assume that $500 is a reasonable estimate of the average capital invested in each one of the 205,832 places licensed by the Federal Government, making a total of $102,916,000.

It thus appears that the enormous sum of $292,953,498 is invested in breweries, malt-houses, distilleries and in the agencies of distribution, not to speak of the money invested and men employed in the various industries which supply casks, kettles, stills, malt-kilns, ice-machines, filters, refrigerators, corks, bar-fixtures, glassware, and the thousand and one minor contrivances used in modern brewing and distilling; nor of the men and material employed in erecting breweries,

* Vol. II., pp. 52, 53 and 56.

distilleries and saloons. For these, $60,000,000 should at least be added to the capital invested.

It is singular, indeed, to say the least, that in writing, for general information, on the liquor traffic in its "relation to manufactures and commerce," Col. Switzler could ignore all these important factors; yet it is still more remarkable that he made no mention whatever of the pecuniary benefits which agriculture derives from wine-making, brewing and distilling, nor of the enhancement of the value of real property produced directly and indirectly by the traffic. Brewers and distillers pay to agriculture, at a rough estimate, $95,000,000 annually for their principal materials. They and their customers (the latter of whom pay, at the rate of $500 per capita, about $103,000,000 annually for house-rent) help, directly or indirectly, to swell the local revenues in the form of real estate taxes. And all this, with what has already been mentioned, Col. Switzler failed to recognize as essential parts of an essay avowedly designed to enlighten the public on the economic aspect of the liquor traffic.

Little cause for surprise there is, under such circumstances, that his report is regarded by the Prohibition party as a powerful campaign document; the assumption being, that the average citizen is loth to believe that the chief of an important branch of the national Executive could so lower the dignity of the Government as to distort facts, manufacture statistics and withhold prominent data—merely for pernicious partisan purposes.

The worst feature of the misrepresentations, to which the said report gave rise, is the fact that, with a further stretch of a truth-distorting fancy, the Prohibition party makes the drink-bill, as estimated by Col. Switzler, appear as so much *waste*—a favorite argument against the moderate and perfectly legitimate use of stimulating drinks, which frivolity-proof Puritans styled "the good Creatures of God." So shallow an argument *should not* require a refutation; but, unfortunately, there *is* a necessity for it, seeing that any falsehood, however monstrous, if but robed in the sanctimonious garb of good intentions, will readily deceive the credulous.

To begin with, no sane person can doubt that the buildings, the machinery, the land, and the labor used in the principal and auxiliary industries before enumerated, form integral parts of the wealth and wealth-producing means of our country; nor can it be gainsaid that the two principal manufactures in question, while contributing largely to the prosperity of the nation, yield a disproportionately large share of the national and local revenues.

Economically considered, they occupy the same position as any other manufactures. Adam Smith, in his "Wealth of Nations," says: "The trade with the ale-house (by the workman) is not a losing trade. In its own nature it is just as advantageous as any other, though, perhaps, somewhat more liable to be abused. The employment of a brewer, and even that of a retailer of fermented liquors, are as necessary divisions of labor as any other." *

But, say our Prohibitionists, the products of these manufactures are wasted, because they are not necessaries of life. Leaving aside, for a moment, the economic fallacy involved in this waste-theory, let us consider briefly what would become of our present state of civilization, if the use of all things which are not absolutely necessary for the sustenance of life should be discontinued. We would then, of course—as a gifted member of the French "Académie de Médicine" puts it†—"retrograde to a state of nature." And he is right; for, what is civilization but a continuous process of creating new means of satisfying the needs and wants of man—means unknown to those who lived before, yet sustained life as well, in their way, and as long, as those who came after them? "It is as unreasonable," says the same French writer, "to wish to confine progressive man to the use of water, as it would be to demand his return to the cave-dwellings of primeval man, or to insist that his clothing should be the skin of wild beasts, and his food, roots, wild fruit, and the flesh of untamed animals." This may seem

* Book IV., Chap. III., Part II.

† Jules Rochard in the "Revue des Deux Mondes" of April 15, 1886.

an extreme statement; but, even with Adam Smith's definition of luxuries as distinguished from necessaries—in which latter the great economist included everything "that the custom of the country renders it indecent for creditable people, even of the lowest order, to be without,"—it is evident, that to discontinue the use of all things not absolutely necessaries of life, in the indicated sense of the word, would be to initiate a retrogression, materially and otherwise, which no sane man could contemplate without a shudder. If the argument, that an article should not be used because it is a luxury, is applicable to beer, it is also applicable to tea, coffee, sugar, and, according to Smith, even to butchers' meat, besides many other articles of consumption; not to mention thousands of articles designed to enhance man's comfort. To discontinue the use of them, because unnecessary, would be to render our life as cheerless as that of the savage.

But this is not all that can be said against the waste-theory. For, whether an article of consumption is to be classed as a necessary or a luxury, depends very much upon the habits of the people and the circumstances which surround them. For instance, Bavarians can, and thousands upon thousands of them do subsist, by preference, on bread and beer. Beer, with them, takes the place of meat and vegetables, or of milk, cheese and butter. To them beer is a necessary, not a luxury. In the "vine-blessed" countries on the Rhine, wine is sometimes so abundant and, consequently, so cheap, that to the poorer people it becomes a necessary by which, using bread as the only solid food, they manage to subsist much more economically than by using other necessaries of life. It is a well-known historical fact that the Puritans of New England classed beer among the necessaries of life, and that, with them, malting and brewing ranked next in importance to milling and baking. Thousands of Americans of the present time consider malt liquors in the same light, and would rather have their daily diet of solids curtailed, than to forego the use of beer. To them, as to the writer, a moderate quantity of beer is needful for their well-being, and hence is a necessary. *John Stuart*

Mill, in defining productive consumption, clearly states that such consumption includes everything that productive labor needs to sustain its power of production, *plus* "*a certain quantum of enjoyment.*"

Everybody knows that to the great bulk of productive laborers beer or wine (where the latter can be had cheaply), moderately used, serves both as nourishment and as enjoyment; and it need not be proved that without such stimulants many could not sustain themselves at the height of their physical and mental powers; while many others would never succeed in developing all the powers of which they are capable. This applies to mental labor as much as to physical. We need but read what poets of all tongues have written in praise of Bacchus, in order to appreciate what wine is to sensitive natures. Byron could not write without his Hock; and but recently, Bismarck, a stalwart man of great physical and mental force, and a moderate drinker all his life-time, in delivering his great parliamentary speech, had to keep his son by his side mixing draughts of a certain kind of intoxicating drink, which the Chancellor needs when sustained mental effort is required of him.

"There are people," says the French writer last quoted, "who need slight stimulants before they can shine with any brilliancy. They have no force, no power to fill their allotted places unless under the influence of light intoxicants. Men of retiring habits need its cheering influence in order to overcome the timidity which seems to paralyze them when they attempt to speak in public, or take any active part in social life."

The majority of male, and a large proportion of female, adults use intoxicating beverages in moderation, and derive great benefits from them, physically, intellectually, and morally. To them, these drinks are vastly more than ordinary luxuries, for their indulgence in them is the result of "one of the strongest human instincts,"* or, as Dr. Letheby puts it, "the influ-

* Third Annual Report of the Board of Health of Massachusetts on "Intemperance in the Light of Cosmic Laws."

ence of a deep-seated necessity, which our philosophy is unable to fathom."* These drinks, then, instead of being wasted, "serve," to use Letheby's words once more, "a profound physiological purpose and supply a common want." And this want, let me repeat, arises from a law of nature, of which, besides the phenomena indicating the presence of an instinct, we find many indirect evidences. Such, for instance, as the fact, pointed out by Pasteur, in his "*Studies on Wine*," that the "delicate bloom on the grape-skin consists of ferment spores, placed there by nature, to produce vinous fermentation in the bruised fruit." This proves design on the part of Nature, and sustains the claim that the craving for stimulants is not simply an acquired habit, but a natural instinct, the gratification of which serves as good a purpose in man's economy as any we know of.

Considered from this point of view, the waste-theory appears more than ridiculous, and it is not rendered a whit less so, if, as is usually the case, its advocates resort to the well-worn old trick of confounding use and abuse. For, even if all the statements which, in spite of repeated refutations, they circulate, with an astonishing persistency, in regard to the abuse of liquors, were true, they could prove nothing, economically, against the utility of the proper use of stimulants. They would no more be an argument against such use, than the fact that hundreds die by reason of sun-stroke, could be an argument against the shining of the sun; or the fact that, in 1880, 8,530 persons died of abortion and diseases of the genital organs (while only 1,592 died by reason of excessive drinking), could be an argument against procreation. From my own, somewhat exasperating experiences, I know, however, that the evils of the abuse will again, as always, be urged against my statement, and, indeed, I am willing to admit that in discussing the drink-question, as Col. Switzler proposed, but signally failed to discuss it, namely, in regard to its economic aspects, the results of the abuse should not be ignored.

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* "On Food," by H. Letheby (N. Y., 1872), p. 90.

Insanity, pauperism and crime are regarded as results of this abuse, and justly so; but the proportion of these evils caused by alcohol is much smaller than Prohibitionists claim.

As to insanity, I have elsewhere demonstrated, by statistical exhibits,* that the proportion of it, caused by alcohol, does not exceed seven per cent. One of my critics, a physician whose specialty is the treatment of the insane (Dr. Bannister), assailed some of the data furnished by my correspondents and arrived at the conclusion—published in the "Psychological Journal" (Philadelphia) of July, 1884—that the proportion of insanity resulting from such abuse reaches 10 per cent. The editor of the "Psychological Journal," Dr. Joseph Parrish, author of a standard work on "Alcoholism," did not take sides in the controversy; but, while attributing the discrepancy between my critic's data and mine to a misconstruction of my inquiries, stated, in the same number of his journal, that—

> "The profession and the community should congratulate themselves upon the appearance of an honest refutation of a popular error in the form of Mr. Thomann's pamphlet and Dr. Bannister's review of it, both of which are commended as valuable contributions to the literature on the causation of insanity."

Taking the most unfavorable showing, compatible with statistical accuracy, we have 10 per cent. of insanity caused by alcoholism.

The question as to what percentage of pauperism and crime is caused by alcohol, is still an open one; but it is safe to say that it is *proportionately* no greater than that of insanity so caused.

At the *International Congress against the Abuse of Alcohol*, held in Zurich, September, 1887, Dr. Milliet, Chief of the Statistical Bureau of Switzerland, stated that Professor Bunge's assertion that "40 per cent. of all crimes are attributable to alcohol," could not be proved, statistically; that the professor had made an almost incredible error in his calculation, by copying figures which simply showed the number of criminals,

* "Real and Imaginary Effects of Intemperance."